

## ORDINANCE #1127

AN ORDINANCE OF THE CITY OF LANSING, MICHIGAN, TO AMEND CHAPTER 10, SECTION 1026.07, OF THE LANSING CODIFIED ORDINANCES BY PROVIDING THAT INTEREST ON INSTALLMENT PAYMENTS FOR SPECIAL ASSESSMENTS SHALL BE AS DETERMINED BY RESOLUTION OF CITY COUNCIL, FOR A PERIOD OF TIME AS RECOMMENDED BY THE DIRECTOR OF FINANCE.

THE CITY OF LANSING ORDAINS:

Section 1. That Chapter 10, Section 1026.07, of the Codified Ordinances of the City of Lansing, Michigan, be and is hereby amended to read as follows:

### **1026.07. Installment payments.**

(a) *Warrant for Collection of Assessments; Payments; Interest; Bond Funds.*

- (1) Every assessment ratified and confirmed by Council shall be final and conclusive. Within ten days after such assessment is ratified, the Mayor shall affix to the assessment and the tax roll his or her warrant for collection thereof. The Mayor's warrant shall direct the City Treasurer to collect the assessment on or before the due date, which date shall be ninety days from the date of confirmation by Council. The warrant shall further direct the Treasurer to initiate special assessment collections on the basis of the estimated figure provided by the City Assessor, and such assessment and tax roll, with the warrant of the Mayor so annexed, shall be delivered to the Treasurer within five days after such warrant is annexed to the roll.

If the Treasurer is unable to collect assessments as directed, he or she may levy and collect any such assessment by distress and sale of any personal property in the possession of the person charged with the assessment or in any other manner permitted by law.

- (2) ~~If the~~ FOR ANY SPECIAL assessment ordered pursuant to this chapter is for paving, curbs and gutters, sewers, sidewalks or tree removal, and the property assessed is, at the time of the assessment, used as residential property, the taxpayer shall have the option of extending the time for payment of the special assessment in the manner provided for in this section, upon the following basis: FOR A NUMBER OF YEARS AS DETERMINED BY THE DIRECTOR OF FINANCE FOR EACH SPECIAL ASSESSMENT ROLL, NOT EXCEEDING TWENTY (20) YEARS OR THE TERM OF ANY BOND ISSUED, WHICHEVER IS LONGER. IN DETERMINING THE NUMBER OF YEARS, THE DIRECTOR OF FINANCE SHALL TAKE INTO CONSIDERATION THE FOLLOWING

CRITERIA:

- A. THE TERM OF THE BOND ISSUED, IF ANY; ~~If the total assessment is one hundred dollars (\$100.00) or less, the assessment shall be paid in full on or before the due date, ninety days from the date of confirmation.~~
  - B. THE TOTAL AMOUNT OF THE SPECIAL ASSESSMENT ROLL; ~~If the total assessment is more than one hundred dollars (\$100.00) but not more than one thousand dollars (\$1,000), it shall be divided into up to ten equal installments, provided that no installment, other than the final installment, shall be less than one hundred dollars (\$100.00).~~
  - C. THE AMOUNT OF THE LARGEST SINGLE ASSESSMENT WITHIN THE SPECIAL ASSESSMENT ROLL; ~~AND If the total assessment is more than one thousand dollars (\$1,000) but not more than two thousand two hundred fifty dollars (\$2,250), it shall be divided into up to fifteen equal installments, provided that no installment, other than the final installment, shall be less than one hundred fifty dollars (\$150.00).~~
  - D. ANY OTHER FACTOR THE DIRECTOR OF FINANCE BELIEVES IS REASONABLE IN DETERMINING THE DURATION OF INSTALLMENT PAYMENTS. ~~If the total assessment is more than two thousand two hundred fifty dollars (\$2,250) but not more than four thousand dollars (\$4,000), it shall be divided into up to twenty equal installments, provided that no installment, other than the final installment, shall be less than two hundred dollars (\$200.00).~~
  - ~~E. If the total assessment is more than four thousand dollars (\$4,000), it shall be divided up into twenty equal installments.~~
  - ~~F. The interest to be added to the special assessment installment payments shall be as determined by this section or by resolution of Council.~~
  - ~~G. As used in this section, "residential property" means a property which, at the time of being assessed, is not being used for a commercial, professional or industrial enterprise.~~
  - ~~H. No land being subdivided or used for a community unit or multifamily dwelling, except in a C Residential District, shall be eligible for the installment special assessment program.~~
- (3) BOTH THE ESTIMATED MAXIMUM INTEREST RATE, AS DETERMINED IN SUBSECTION (A)(6) OF THIS SECTION, AND THE

DURATION OF INSTALLMENT PAYMENTS SHALL BE PUBLISHED IN THE NOTICE OF PUBLIC HEARING ON EACH ASSESSMENT ROLL. ~~If the assessment ordered pursuant to this chapter is for sidewalks and the property assessed is, at the time of the assessment, used as commercial, professional or industrial property, and the total cost of the special assessment is one thousand dollars (\$1,000) or more, the total special assessment for the cost of such sidewalks may be paid by the taxpayer over not more than three years in three equal installments, provided that no installment payment, other than the final installment payment, shall be less than one thousand dollars (\$1,000). Upon the sale, conveyance or transfer of the property, during such three year period, any portion of the total special assessment still owing by the taxpayer for the cost of the sidewalks shall be immediately due and payable. The interest to be added to the special assessment installment payments shall be determined by this section or resolution of Council.~~

- (4) Following confirmation of a special assessment roll, a billing of the estimated assessment (original estimated billing) shall be rendered to the taxpayer of record. The words "estimated billing" shall be denoted on the original estimated billing and the total assessment shall be due within ninety days from the date of confirmation. There shall be no interest or penalty charged on any payment or on the entire assessment if paid in full within ninety days from the date of confirmation.

(5) ~~If the total assessment is more than one hundred dollars (\$100.00),~~ ~~t~~The taxpayer may select the installment option by paying the first installment within ninety days of confirmation.

(6) FOR ASSESSMENTS PAID IN INSTALLMENTS UNDER THIS SECTION, interest will be charged at A RATE CALCULATED BY THE DIRECTOR OF FINANCE AS FOLLOWS:

A. IF BONDS ARE ISSUED, ASSESSMENTS SHALL BEAR INTEREST AT A RATE SUFFICIENT TO PERMIT THE CITY TO PAY INTEREST ON THE BONDS, BUT IN ANY EVENT NOT TO EXCEED ONE PERCENT (1%) ABOVE THE AVERAGE BOND INTEREST RATE.

B. ON JULY 1 OF EACH YEAR, OR THE FOLLOWING BUSINESS DAY IF JULY 1 IS A NOT A BUSINESS DAY, THE FINANCE DIRECTOR WILL ESTABLISH THE INTEREST RATE TO ACCRUE ON ASSESSMENTS FOR ASSESSMENT ROLLS CONFIRMED DURING THAT FISCAL YEAR IF NO BONDS ARE ISSUED. THE INTEREST RATE SHALL BE EQUAL TO THE TEN YEAR FEDERAL TREASURY NOTE RATE PUBLISHED ON JULY 1 (OR THE FOLLOWING BUSINESS DAY, IF JULY 1 IS A NOT A BUSINESS DAY) IN THE WALL STREET JOURNAL, OR, IF THE WALL STREET JOURNAL IS NOT PUBLISHING THE TEN YEAR FEDERAL TREASURY NOTE RATE, SUCH OTHER AUTHORITATIVE SOURCE SELECTED BY

THE DIRECTOR OF FINANCE. ~~seven percent per annum or, if bonds are issued in anticipation of unpaid installments of the assessment, at the bond issue interest rate plus one percent, whichever rate shall be greater, and.~~

THE INTEREST will be collected on the unpaid PRINCIPAL balance from the original due date to the billing date of the second and subsequent installments.

To delinquent payments made after ninety days, interest shall be added (adjusted for the number of months between the ninety-first day and the billing payment date). Interest shall be prorated based on the number of months that have elapsed between the ninety-first day and any cash or future installment payment made prior to the installment billing date. The second and subsequent installments shall include interest on the unpaid principal balance computed from the prior payment. No interest rate adjustments shall be made once spread, unless such interest has been erroneously computed OR BONDS ARE SOLD AFTER THE INITIAL INTEREST COMPUTATION.

It shall be the sole responsibility of the Assessor to make all interest computations USING THE SPECIAL ASSESSMENT INTEREST RATE CALCULATED BY THE DIRECTOR OF FINANCE AS PROVIDED ABOVE. The Assessor shall also determine the final amount to be paid on settlement of a special assessment liability.

If neither the total assessment nor the first installment is paid within ninety days of confirmation, the taxpayer eligible for installment payments is automatically obligated to pay on the installment basis and is delinquent as to the first installment. A penalty of ~~four percent of the installment due~~ EQUAL TO THE PENALTY AND INTEREST CHARGED ON A DELINQUENT SUMMER TAX shall be charged on ~~all~~ THE FIRST delinquent installments.

Subsequent installment payments shall be billed July 1, with the due date coinciding with the City's due date for summer taxes, provided that the first two installments shall not become due within a period of less than 120 days of each other. Where the date of confirmation of the special assessment roll occurs less than 120 days preceding July 1 of any year, the second installment shall be due AND billed on July 1 one year hence, and succeeding installments annually thereafter on July 1. Succeeding installments in either case shall bear interest on the unpaid principal balance at the rate determined in the manner provided in this section. If any installment, other than the first, becomes delinquent, such installment shall be processed in the same manner as a delinquent tax and shall accrue the same penalties and interest as does a delinquent tax. Annual installments will be calculated to and billed on July 1 of each year, regardless of prepayments.

Payments made in addition to the annual installments shall not be considered as installment prepayment nor relieve the taxpayer of the responsibility of paying any annual installment billed July 1. Scheduled payments shall include principal, determined in the manner provided in this section, and all accrued interest and penalty.

Prior to any change of ownership of such properties on the installment payment special assessment program, certification must be presented to the Assessor proving that all special assessment taxes have been paid. Alternatively, a notarized agreement signed by the purchaser may be filed with the Assessor, which agreement clearly indicates that the purchaser is assuming the remaining lien.

(57) The City Engineer shall begin work or cause work to begin on a special assessment project on or before the first designated due date of a special assessment roll. If for some unavoidable circumstances, the Engineer cannot commence such work within the designated ninety days, he or she shall make a special report to Council stating the circumstances in detail.

(68) Once the installment option has been selected, the Assessor shall provide for the accounting function, which function shall allow the special assessment to be paid in approximately equal payments, subject to the installment provisions stated in this section.

(79) The City shall have a lien for the total amount of special assessment taxes, interest and penalties, which lien shall attach to the property liable for the same, from and after the date of the warrant for the collection of the whole or any installment thereof, and shall remain until all installments are fully paid.

(810) If Council borrows money and issues its bonds to pay for any paving or sewer, for which extension of time of payment of taxes therefor is granted by Council, such taxes annually paid by the property owner benefited, together with such sum raised and collected by the City for such purpose, shall be received and kept by the Treasurer in a special fund to be known as " \_\_\_\_\_ Street Paving Fund," or " \_\_\_\_\_ Sewer Fund," and the taxes so collected and placed to the credit of such fund shall be used for the purpose of paying the bonds issued for such paving or sewer, and for no other purpose, and shall be applied as Council directs.

(b) *Authority of Council; Interest on Unpaid Installments.* Notwithstanding any of the provisions of subsection (a) hereof, Council may grant an extension of time for payment of special assessments by any taxpayer upon the showing of special need or economic hardship, without regard to the use, whether commercial, professional, industrial or otherwise, of the property within a special assessment district.

Where bonds are issued in anticipation of unpaid installments of such special assessments, the rate of interest on such unpaid installments shall be established at such level as may be permitted by law.

(C) SAVINGS CLAUSE. ALL PROCEEDINGS PENDING AND ALL RIGHTS AND LIABILITIES EXISTING, ACQUIRED, OR INCURRED UNDER THIS CHAPTER BEFORE PASSAGE OF ORDINANCE \_\_\_\_\_, PASSED \_\_\_\_\_, 2007, ARE SAVED AND MAY BE CONTINUED AND CONSUMMATED ACCORDING TO THE

LAW IN FORCE WHEN THEY WERE COMMENCED.

Section 2. All ordinances, resolutions or rules, parts of ordinances, resolutions or rules inconsistent with the provisions hereof are hereby repealed.

Section 3. Should any section, clause or phrase of this ordinance be declared to be invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof other than the part so declared to be invalid.

Section 4. This ordinance shall take effect on the 30th day after enactment, unless given immediate effect by City Council.